105-06137 Saskatchewan Financial Services Commission : Annual report (2004/05)

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Government of Saskatchewan

Annual Report 2004 - 2005

Saskatchewan Justice

Saskatchewan Financial Services Commission

Saskatchewan Centennial 2005

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This annual report is also available in electronic format on the Saskatchewan Financial Services Commission web site at **www.sfsc.gov.sk.ca**

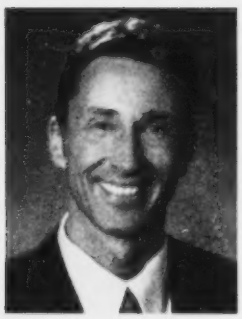
Letters of Transmittal

Her Honour the Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

As the Minister responsible for the Saskatchewan Financial Services Commission, I respectfully submit the Annual Report for the year ending March 31, 2005.

Frank Quennell, Q.C.
Minister of Justice and Attorney General



The Honourable Frank Quennell, Q.C.
Minister of Justice and Attorney General

Dear Sir:

I have the honour of submitting the Annual Report of the Saskatchewan Financial Services Commission for the year ending March 31, 2005.

Dave Wild
Chairperson

Commissioners

Dave Wild
Chairperson

Dave Wild was appointed as Chair of the Securities Commission in August 2001. He was appointed as Chair of the Financial Services Commission on February 1, 2003. He is also the Superintendent of Pensions and responsible for the administration of *The Pensions Benefits Act* in Saskatchewan. He is an active member of the Canadian Association of Pension Supervisory Authorities and the Joint Forum of Financial Market Regulators. Mr. Wild has significant experience as a pension plan administrator in the public sector in Saskatchewan. He has also worked as an asset management consultant providing investment advice to pension plans, and was involved in the establishment of the Saskatchewan Pension Plan.

Art Wakabayashi
Vice-chairperson

Mr. Wakabayashi was first appointed to the Securities Commission as Vice-chair in June 1997. He was appointed to the Financial Services Commission on February 1, 2003. He held senior positions in the Government of Saskatchewan, including Deputy Minister of Finance. In the federal government, he was Assistant Deputy Minister (Policy), Solicitor General's Department, and Federal Economic Development Coordinator. He is a member of the Order of Canada, and Chancellor of the University of Regina. He is also the Honorary Consul-General of Japan in Regina.

Dale Hillmer
Commissioner

Mr. Hillmer was appointed to the Securities Commission in August 2001. He was appointed to the Financial Services Commission on February 1, 2003. He has extensive experience with the credit union sector in Saskatchewan, serving 12 years as the CEO of Sherwood Credit Union and 12 years as Vice-President – Finance with Credit Union Central of Saskatchewan. Mr. Hillmer has served as a trustee of the Co-operators Pension Fund, the Saskatchewan Wheat Pool Pension Plan, the Co-operative Superannuation Society and Ethical Mutual Funds. He has also served on the advisory board of Regina Economic Development Authority.

William F. Ready
Commissioner

Mr. Ready was appointed to the Securities Commission in August 2001. He was appointed to the Financial Services Commission on February 1, 2003. He is a distinguished Saskatchewan lawyer with an extensive background in securities law, and served for 27 years on the board of the RoyFund mutual fund group. In 1989 the University of Regina conferred upon him the degree of Doctor of Laws (honoris causa). He was the senior partner of McDougall Ready law firm at the time of his retirement from active practice.

Janice Stratychuk
Commissioner

Mrs. Stratychuk was appointed to the Securities Commission in August 2001. She was appointed to the Financial Services Commission on February 1, 2003. She has considerable experience in the oil and gas industry having spent 25 years as partner in charge of Oil and Gas Accounting and Taxation with the firm, Robertson Stratychuk and Partners, until her semi-retirement in 1997. She was also one of the founding directors of Strike Energy Inc. She continues to provide consulting services to the successor firm, Virtus Group.

Frank Reidy
Commissioner

Mr. Reidy was appointed to the Financial Services Commission on February 1, 2003. He has served the insurance industry for 45 years and was made an Honorary Life Member of the Insurance Brokers' Association of Saskatchewan in 2002. He is the past Chair of the Hail Insurance Council and past Director of the Insurance Brokers' Association of Saskatchewan. Mr. Reidy is the founding and current Chairman of the Board of Directors of Western Agriculture Insurance Corporation. Mr. Reidy served as the Vice President of the Saskatchewan School Trustees Association. As well, he served as a Director of Canada Post Corporation. Mr. Reidy currently serves as a Director of the Providence Place Foundation.

Gwen Charman
Commissioner

Ms. Charman was appointed to the Financial Services Commission on February 1, 2003. Ms. Charman is a Chartered Accountant with experience in public practice, with the department of Canadian Western Economic Diversification, and is currently the Director of Operations for the Meewasin Valley Authority in Saskatoon. She has been a long term member of the Co-operative Securities Board, and has also served on the Boards of Wanuskewin Heritage Park, Saskatchewan Archives, Saskatoon YWCA, Big Sisters of Saskatoon, and Saskatoon Victorian Order of Nurses.

Who We Are

The Saskatchewan Financial Services Commission (SFSC) was established on February 1, 2003 through the amalgamation of the Saskatchewan Securities Commission, the Financial Institutions Section of the Consumer Protection Branch and the Pension Benefits Branch.

SFSC is Saskatchewan's primary regulator of the financial services industry, including the credit union system, insurance, pensions, securities, and trust and loans. Regulatory responsibilities include providing input into developing provincial legislation, regulations, policies and standards (the rules); interpreting and applying the rules; and, taking appropriate action to protect the rights and interests of consumers of financial services when the rules are broken.

Similar to other financial services regulators, the ongoing operations of SFSC encompass a broad range of regulatory functions, including:

- **Licensing and Registration.** Financial institutions, pension plans and financial intermediaries require approval to conduct business. SFSC requires applicants to provide enough information to allow assessment of whether the applicant is suitable to conduct business in the chosen field.

- **Audit and Compliance.** On an ongoing basis, SFSC monitors those regulated to verify they have the capability and conduct themselves appropriately to meet their obligations to consumers. SFSC also requires those regulated to provide appropriate information to consumers.

- **Market Conduct and Complaint Handling.** SFSC ensures there are effective processes in place to receive and investigate complaints. Complaints are reviewed and appropriate information is collected to determine whether there are violations of rules. Complaints may trigger enforcement activities.

- **Enforcement.** SFSC exercises its influence and its legislative powers to hold to account those who have violated the rules.

SFSC's regulatory functions include both prudential and market conduct regulation. Prudential regulation addresses the financial soundness of those regulated, while market conduct regulation refers to supervising compliance related to consumer protection provisions including disclosure, confidentiality, fair practices and prohibited methods of doing business.

In fulfilling its mandate, the SFSC relies upon the following self-regulatory organizations:

- Credit Union Deposit Guarantee Corporation
- General Insurance Council of Saskatchewan
- Hail Insurance Council of Saskatchewan
- Life Insurance Council of Saskatchewan
- Investment Dealers Association of Canada
- Mutual Fund Dealers Association of Canada

A number of federal and provincial initiatives are focused on co-ordinating and harmonizing financial services regulation. Regulators work together through organizations such as the Joint Forum of Financial Market Regulators, the Canadian Association of Pension Supervisory Authorities, the Canadian Council of Insurance Regulators, and the Canadian Securities Administrators.

Vision

SFSC's vision is to cultivate an environment in which everyone in Saskatchewan has confidence in and can enjoy the benefits from the vibrant financial marketplace.

Mission

SFSC strengthens Saskatchewan's financial marketplace and protects consumers by regulating providers of financial products and services in an effective, efficient and balanced manner.

Strategic Goals

SFSC's four strategic goals are briefly described as follows.

- **A fair and effective financial regulatory system for Saskatchewan.** Changes in the financial marketplace contribute to the need for continuous regulatory changes. By increasing harmonization with other Canadian jurisdictions, updating Saskatchewan's legislation and related rules, and working

effectively with the self-regulatory organizations, SFSC will maintain and enhance the quality of its regulation.

- **Public confidence in SFSC and the Saskatchewan financial marketplace.** The financial services industry depends on public confidence. SFSC is reviewing aspects of its compliance and enforcement programs to ensure it has the capability to discipline those who break the rules. As well, SFSC is reviewing its approach to stakeholder communications and consumer education in order to facilitate appropriate public understanding of the financial services market and the role of the SFSC.

- **Regulatory consistency between sectors and for "like" products and services.** Traditionally banks, trust and loan, insurance and securities had separate regulators who created unique rules for each sector. The emergence of financial conglomerates and the overlap of products and distribution channels increase the potential for regulatory inconsistencies or gaps. SFSC is building increased cross-sectoral understanding and cooperation through participation in national initiatives and through SFSC's new organizational structure and governance.

- **Maximized results with limited resources.** As a government agency, SFSC is accountable to the public for the resources it uses. SFSC is committed to continuous improvement of its operational efficiency.

Performance Management

SFSC believes its strategic success should be measured based on a variety of perspectives. Measurement of performance will begin in 2005-06 in the following areas:

Stakeholder	Learning/Innovation
• Customer confidence in the financial marketplace • Client perception of regulatory fairness • Complaints of regulatory violations • Solvency of pension plans • Solvency of credit union system	• Level of continuous learning and development • Staff satisfaction with work
Operational/Internal	**Financial**
• Projects completed on time and on budget • Day to day activities completed within service standards* • Level of preparedness to deal with market misconduct or solvency issues	• Actual expenses compared to budget • Cost comparison to other jurisdictions

* **Securities:**
1. Provide an initial response to applications for registrations within 10 business days (if principal regulator) or 3 business days (if not principal regulator)
2. Provide comments within 10 business days on long form prospectuses or 3 business days on short form prospectuses, where we are principal regulator

Pensions:
3. Review actuarial valuations within 20 business days
4. Review annual information returns within 20 business days

Financial Institutions:
5. Issue a licence/registration or initial comment letter within 30 business days (if primary regulator) or 15 business days (if not primary regulator)

Financial Institutions Division

The Financial Institutions Division ("FID") regulates and supervises Saskatchewan credit unions, trust, loan and finance companies, insurance companies and loan and mortgage brokers. FID protects the public interest and enhances public confidence by encouraging sound and ethical business practices for insurers and financial institutions duly authorized to operate in Saskatchewan. FID also oversees regulatory agencies that have been delegated authority.

2004-2005 Core Activities and Strategic Action Items

- Respond to consumer inquiries and complaints.
- Protect consumers by licensing, auditing and examining regulated financial services businesses.
- Oversee, monitor and support the operation of existing industry regulatory bodies.
- Participate in on-going discussions with businesses, other provinces and the federal government in legislative harmonization initiatives.
- Continue to work with the credit union system on the development of a code of market practices and delegation agreement.
- Continue to participate in the Canadian Council of Insurance Regulators and the Joint Forum of Financial Market Regulators, particularly on the following projects:
  - ➢ develop a code of conduct for financial services intermediaries,
  - ➢ monitor the development of standards for consumer dispute resolution within the Financial Services OmbudsNetwork and clarify information sharing between the OmbudsNetwork and regulators, and
  - ➢ harmonize the regulation of mutual funds and individual variable insurance contracts.
- Develop and implement amendments to *The Trust and Loan Corporations Regulations, 1999.*
- Develop and consult on amendments to *The Real Estate Act.*
- Develop legislation to replace *The Mortgage Brokers Act* and consult on the proposed legislation.
- Implement a legislative or regulatory response to address consumer issues related to alternate credit organizations.

2004-2005 Activities and Results

- Informed consumers and financial services businesses regarding marketplace rights and responsibilities by responding to 2,720 inquiries.
- Assisted consumers in resolving disputes with financial services businesses by responding to 187 complaints.
- Protected consumers by licensing, auditing and examining regulated financial services businesses:
  - ➢ issued 44 new licenses with respect to three Acts for a total of 467 licenses in force, and
  - ➢ conducted 11 audits, inspections, or reviews with respect to three Acts.
- Reviewed and approved bylaws and heard appeals from the Saskatchewan Insurance Councils and the Saskatchewan Real Estate Commission.
- Participated with businesses, other provincial and federal regulators and self-regulatory organizations in legislative harmonization initiatives.
- Implemented amendments to *The Trust and Loan Corporations Regulations, 1999* to reduce the regulatory burden.
- Continued participation in the Canadian Council of Insurance Regulators and the Joint Forum of Financial Market Regulators. Practice standards for financial intermediaries were released in January 2005 by the Joint Forum.
- Worked with SaskCentral and Credit Union Deposit Guarantee Corporation with respect to regulation issues, legislation and sound business practices.
- Conducted ongoing meetings with the hail insurance industry on adjuster licensing,

complaint handling processes, and mandatory standards used for hail claims settlement.

- Consulted on and developed amendments to *The Real Estate Act* that were introduced in the 2005 Spring Session of the Legislature.
- Consulted with industry regarding amendments to mortgage broker legislation.
- Monitored the progress of litigation and the activities of provincial ministerial initiatives regarding the alternative consumer credit market.
- Developed a memorandum of understanding with the Office of the Superintendent of Financial Institutions and insurers for the sharing of electronic filings for insurers headquartered outside Saskatchewan.

2005-2006 Core Activities and Strategic Action Items

- Respond to consumer inquiries and complaints.
- Protect consumers by licensing, auditing and examining regulated financial services businesses.
- Oversee, monitor and support the operation of existing industry regulatory bodies.
- Continue to participate with businesses, other provincial and federal regulators and self-regulatory organizations in legislative harmonization initiatives.
- Continue to develop and consult on mortgage broker legislation and regulations for government's consideration for implementation in 2006.
- Continue to work with the credit union system on the development of a code of market practices and an agreement to delegate responsibility for the enforcement of the code to the Credit Union Deposit Guarantee Corporation.
- Continue to participate in the Canadian Council of Insurance Regulators and the Joint Forum of Financial Market Regulators, particularly regarding enhancing consumer dispute resolution and developing a new approach to point-of-sale disclosure documents for mutual funds and individual variable insurance contracts.
- Assess compliance review programs for insurance and trust and loan companies and modify and implement changes to these programs.
- Review process of hearing appeals of decisions of the General, Life and Hail Insurance Councils.
- Implement amendments to *The Real Estate Act.*
- Develop and implement recommendations to amendments to *The Real Estate Regulations* with respect to errors and omissions liability insurance.
- Continue to monitor the progress of litigation and the activities of provincial ministerial initiatives regarding the alternative consumer credit market.
- Execute the memorandum of understanding on the sharing of electronic filings from insurers.
- Examine the regulation of self-funded employee benefit plans.

An initiative to develop and consult on amendments to *The Saskatchewan Insurance Act* on provisions related to capital requirements and solvency testing, and to compensation plans has been deferred for future consideration.

Pensions Division

The legislation administered by the Pensions Division protects employees' pensions. Standards are established with respect to the structure and administration of pension plans, as well as, to the investment and ongoing funding of plans.

The Pension Benefits Act, 1992 regulates employer-sponsored pension plans with Saskatchewan workers as members. The Act does not apply to certain plans established for employees of the Governments of Saskatchewan and Canada, nor does it apply to plans associated with undertakings regulated by the federal government (e.g., banks, transportation companies, broadcasting).

The Pensions Division identifies and manages risks and problems to bolster public confidence in the pension system while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.

2004-2005 Core Activities and Strategic Action Items

- Protect pension plan members from undue loss by ensuring plans are funded in accordance with legislation, plan benefits comply with the legislated minimum standards, and plans are administered in compliance with the legislation and plan documents.
- Review 50 to 70 actuarial valuation reports, 375 annual information returns, and 100 - 200 plan amendments.
- Conduct 2 to 3 on-site Administrative Pension Examinations.
- Implement proposed amendments to *The Pension Benefits Act, 1992* (Act) that will allow employers to offer flexible pension plans, increase the threshold for unlocking small pensions, improve the pre-retirement survivor benefit to cover all service, and creditor proof voluntary contributions.
- Review and implement changes to *The Pension Benefits Regulations, 1993* as a result of changes to the Act.
- Continue to participate in CAPSA and Joint Forum initiatives. The agenda includes ongoing harmonization initiatives in the following areas:
  - consultation on a CAPSA model pension law;
  - consultation on investment rules for pension plans as presented in a paper released by CAPSA entitled *Issues Related to the Application of the 10 per cent Concentration Rule;* and
  - consult on and implement guidelines for capital accumulation plans developed by an industry task force based on the principles established by the Joint Forum.

2004-2005 Activities and Results

- Reviewed 57 actuarial valuation reports. An actuarial valuation measures the financial position of a defined benefit pension plan and recommends prospective contribution rates. Defined benefit plan assets of $7.9 billion exceeded their liabilities of $7.6 billion, meaning the system as a whole had a surplus of about $300 million. Eighty-nine of 148 defined benefit plans had an unfunded liability. Total unfunded liabilities of plans have grown from $194 million to $277 million, while total surplus assets of plans have grown slightly from $583 million to $584 million. The decline in the funding position of pension plans is a result of investment losses experienced in 2001 and 2002. Eight plans accounted for 87 percent of the $277 million in unfunded liabilities. The Division monitored those plans closely.
- Conducted one on-site Administrative Pension Examination (APE). The APE program focuses on six key areas: membership, disclosure, contributions, asset administration, benefit calculations and plan management.
- CAPSA released *Guideline No. 4 - Pension Plan Governance Guidelines and Self-Assessment Questionnaire* in October 2004. The guidelines are intended to assist pension plan administrators in fulfilling their governance responsibilities by achieving and maintaining good governance practices. In December 2004, the Division sent a communication to administrators of pension plans registered under *The Pension Benefits Act, 1992*, endorsing the guidelines. Administrators are expected to review their plan governance practices and complete the self-assessment questionnaire.

- CAPSA released a consultation paper entitled *Proposed Regulatory Principles for a Model Pension Law* in January 2004. Regional consultation sessions were held in 2004-05 to explain the rationale behind the proposed principles and to obtain feedback from the pension industry. Stakeholder task forces were established to develop detailed policy statements on the non-contentious model law principles that will support the development of a harmonized statute and regulations.

- CAPSA invited comments on a consultation paper entitled *Issues Related to the Application of the 10 Percent Concentration Rule* concerning the investment rules for registered pension plans and made recommendations to the federal government for amendments to the pension plan investment regulations.

- The Joint Forum of Financial Market Regulators released *Guidelines for Capital Accumulation Plans* in May 2004. The guidelines are intended to ensure that members of capital accumulation plans are provided with the information and assistance they require in order to make informed investment decisions when investing assets they are accumulating for retirement and other purposes.

- The *Pension Benefits Amendment Act, 2004* received Royal Assent in June 2004 and will be proclaimed into law in 2005-06. The amendments will allow employers to offer flexible pension plans, increase the threshold for unlocking small pensions, improve the pre-retirement survivor benefit to cover all service, and creditor proof voluntary contributions.

- Reviewed *The Pension Benefits Regulations, 1993* to determine what changes were required to accompany *The Pension Benefits Amendment Act, 2004. The Pension Benefits Amendment Regulations, 2005* were passed in March 2005.

- The Provincial Auditor Saskatchewan (PAS) conducted a performance audit of the operations of the Superintendent of Pensions (Superintendent) in 2004-05. The purpose of the audit was to determine if the Superintendent had adequate processes to supervise pension plans. The PAS presented the Minister of Justice with its Memorandum of Audit Observations in March 2005. The PAS concluded that the Superintendent had adequate processes to supervise plans and made the following recommendations:
  - ➢ The Superintendent should expand its analysis of pension plan risks to consider the key risks faced by all pension plans.
  - ➢ The Superintendent should prepare a risk-based work plan to supervise pension plans.
  - ➢ The Superintendent should provide staff with written guidance regarding information to document for registration and amendment of pension plans.
  - ➢ The Superintendent should develop alternative ways to obtain information from pension plan administrators or seek legislative changes to expand its enforcement powers to obtain required information.

2005-2006 Core Activities and Strategic Action Items

- Protect pension plan members from undue loss by ensuring plans are funded in accordance with legislation, plan benefits comply with the legislated minimum standards, and plans are administered in compliance with the legislation and plan documents.

- Review 50 - 70 actuarial valuation reports, 375 annual information returns, 25 new plans, 20 plan terminations and 300 - 400 plan amendments.

- Conduct 1 on-site Administrative Pension Examination. Collect data on the governance practices of 25 – 30 plans.

- Ensure pension plans are amended to reflect changes to *The Pension Benefits Act, 1992* and *The Pension Benefits Regulations, 1993.* Revise bulletins with respect to the legislative amendments.

- Implement recommendations made by the Provincial Auditor Saskatchewan in its Memorandum of Audit Observations of the operations of the Superintendent of Pensions. In particular, review amendments to legislation regarding the enforcement powers of the Superintendent of Pensions in response to a recommendation made by the Provincial Auditor.

- Continue to participate in CAPSA and Joint Forum initiatives. The agenda includes ongoing harmonization initiatives in the following areas:
  - work with stakeholder task forces on further development of the non-contentious model pension law principles;
  - consult on funding principles for a model pension law;
  - implement the *Guidelines for Capital Accumulation Plans;* and
  - develop a Frequently Asked Questions document to assist administrators in implementing the *Pension Plan Governance Guidelines and Self-Assessment Questionnaire.*

Fiscal Year	New Plans Registered	Plan Terminations Reviewed	Annual Information Returns Reviewed	Plan Amendments Registered
2000/01	14	24	399	201
2001/02	17	19	362	281
2002/03	11	18	399	226
2003/04	22	19	366	151
2004/05	22	14	379	123

Securities Division

The Securities Division protects investors by regulating the sale of securities, without undue restriction, to ensure that:

- those who sell securities to investors are honest and competent;
- investors are provided with selling documents which contain truthful, complete and understandable information on which to base their investment decisions;
- buyers and sellers have equal access to information about companies whose shares trade in secondary markets, and
- those who take undue advantage of investors are held to account.

2004-05 Core Activities and Strategic Action Items

- Continue to perform core functions within established turnaround times.
- Implement a program for detailed review of continuous disclosure material filed by Saskatchewan public companies.
- Implement a compliance review program for Saskatchewan based firms registered under securities laws that are not members of a self-regulatory organization.
- Implement a national mutual recognition and reliance system for registration.
- Update our enforcement strategy, tools, processes and communications.
- Update the regulation of deposit agents.
- Participate in the review of the regulation of mortgage brokers.
- Continue to contribute to the development of national securities laws by participating on committees of the Canadian Securities Administrators (CSA).
- Review our role in the oversight of the Investment Dealers Association (IDA) and the Mutual Fund Dealers Association (MFDA).

2004-05 Activities and Results

- Processed applications for registration within established turnaround times.
- Met turnaround times for 90% of exemption applications that were filed under the Mutual Reliance Review System (MRRS) for Exemption Applications and 80% of exemption applications made only in Saskatchewan.
- Processed all national prospectus filings within turnaround times established under the MRRS for Prospectus Review. Responded to all local prospectuses within turnaround times established for local filings.
- Contributed to the development of national securities laws by participating on the following committees of the CSA:
  - Corporate Finance
  - MRRS for Prospectuses
  - Continuous Disclosure Review
  - Harmonization of Continuous Disclosure Requirements
  - Prospectus Systems
  - Income Trusts and Other Indirect Offerings
  - Take-over Bids
  - Mutual Funds
  - MRRS for Exemptions
  - Capital Accumulation Plan Exemption Rule
  - Registration and Prospectus Exemption Rule
  - Registration Regulation
  - North American Securities Administrators Association Canadian Zone Registration Examinations and Compliance
  - Executive Directors
  - Self-Regulatory Organizations Oversight
  - Proportional Regulation
  - Legislation Co-ordination
  - Enforcement
- Implemented National Instrument 31-101 *National Registration System* and *National Policy National Registration System* that created a national mutual recognition and reliance system for registrations.

	2004/05	2003/04	2002/03	2001/02	2000/01
Registration of companies:					
New applications	23	37	48	38	27
Terminations	12	19	20	24	19
Registered at year end	303	295	277	264	289
Registration of individuals:					
New applications	1644	2577	3237	2821	2287
Terminations	1462	1635	3003	2843	1472
Registered at year end	8640	8414	7011	7157	7179
Review and issue receipts for selling documents of Saskatchewan issuers	7	10	8	27	11
Issue receipts for selling documents of non-Saskatchewan issuers	737	715	537	592	555
Receive continuous disclosure documents for issuers:					
Annual financial statements	4425	4061	3688	3409	3135
Interim financial statements	6697	6219	5793	6153	6281
Proxy/information circulars	3068	2395	41*	41*	47*
Material change reports	4489	4353	24*	5500*	46*
Annual information forms	1561	1046	827	916	890
**Management Discussion and Analysis					
Annual	1684	1103			
Interim	3480	0			
**Certification of annual filings	3277	0			
**Certification of interim filings	803	0			
Deal with applications for exemption:					
Applications granted	607	578	613	693	893
Applications withdrawn	91	121	150	173	192
Applications denied	0	0	0	0	0
Investigate complaints and take enforcement action:					
Files opened	38	132	174	116	126
Files closed	85	130	243	136	142
Obtained agreements and undertaking	4	2	0	3	3
Conducted examinations under oath	27	24	12	19	17
Held hearings	1	0	1	1	2
Issued investigation orders	14	10	9	9	13
Issued temporary cease trade orders	5	7	8	9	7
Issued extending/permanent cease trade orders	5	7	8	13	12
Issued orders removing exemptions	5	7	8	15	13

* for Saskatchewan based issuers only
** new requirement

- Participated on the Taskforce for Passport System of Securities Regulation to implement the Memorandum of Understanding signed by most provinces and territories, including Saskatchewan, in September 2004. The MOU committed participating jurisdictions to make efforts to:
  - implement a system with single window of access for market participants seeking decisions from securities regulators,
  - develop highly harmonized and streamlined securities legislation, and
  - review fees.

- Amended *The Securities Act, 1988* to update and streamline its provisions. Amendments include the following new investor protection provisions:
  - a new requirement for registrants to deal honestly, fairly and in good faith with their clients;
  - a new provision that prohibits anyone from engaging in an unfair practice with the intention of advising or effecting the purchase or sale of a security; and
  - an amendment to add a prohibition of any act relating to securities that perpetrates a fraud on any person.

- Implemented search function on Web site for registrants and reporting issuers.

- Developed an investor education strategy.

- Implemented a program for detailed review of continuous disclosure material filed by Saskatchewan public companies.

- Reviewed and provided direction on the use of the offering memorandum exemption.

- Developed a compliance review program for Saskatchewan based firms registered under securities laws that are not members of a self-regulatory organization.

- Updated our enforcement strategy.

- Published Local Instrument 32-501 *Deposit Agents* for comment. Reviewed and prepared responses to 31 comment letters.

- Participated in the review of the regulation of mortgage brokers.

- Reviewed and confirmed our role in the oversight of the Investment Dealers Association and the Mutual Fund Dealers Association.

2005-06 Core Activities and Strategic Action Items

- Continue to carry out core functions in registration, prospectus review, continuous disclosure review, discretionary exemption applications and enforcement.

- Continue to meet established turnaround times in registration, exemption applications and prospectus review.

- Continue to carry out compliance review program for Saskatchewan based non-SRO registrants.

- Continue to carry out review program for continuous disclosure material filed by Saskatchewan based public companies.

- Continue to contribute to the development of national securities laws by participating on committees of the Canadian Securities Administrators.

- Finalize and implement Local Instrument 32-501 *Deposit Agents*.

- Delegate registration of IDA firms and individuals to the Investment Dealers Association of Canada.

- Recognize and oversee the Mutual Fund Dealers Association Investor Protection Corporation.

- Continue to participate on Taskforce for Passport System of Securities Regulation.

- Implement National Instrument 45-106 *Prospectus and Registration Exemptions*.

- Develop recommendations on whether *The Securities Act, 1988* should be amended to include Commission powers to order restitution and disgorgement.

- Seek amendments to *The Securities Act, 1988* to include powers necessary to implement the Passport System including the power to adopt decisions of other regulators and to delegate functions to other regulators.

- Assist in adopting a *Uniform Securities Transfer Act*.

Saskatchewan Financial Services Commission

Most of our activities and strategic action items are reported at the divisional level. However, some actions cut across all divisions.

2004-05 Core Activities and Strategic Action Items

- Assess a strategy for educating consumers including the feasibility of delivery of a program by the SFSC.
- Improve tools and techniques used to report SFSC's accountability to the government and other stakeholders.
- Assess the procedures, policies and resources engaged in the collection, recording and deposit of revenue by the SFSC.
- Develop a business continuity plan for the SFSC.

2004-05 Activities and Results

- Conducted research on consumer education approaches taken by other regulators and the financial services industry. Developed principles and priorities for consumer education activities undertaken by the SFSC.
- Began documentation and research on governance and accountability approaches and standards.
- Completed changes to improve the efficiency of deposit activities.
- Developed a business continuity plan for the SFSC in accordance with Saskatchewan Justice standards.

2005-06 Core Activities and Strategic Action Items

- Implement a consumer education strategy.
- Develop a binder for the Commission members outlining roles, responsibilities and the SFSC's accountability framework.
- Develop contingency plans for dealing with any significant failure in the financial marketplace.
- Document the governance policies and practices for the SFSC.
- Implement the Saskatchewan government's privacy framework for the protection of personal information filed with the SFSC.
- Develop and implement an enhanced learning and development program for the staff of the SFSC.

Legislation

General

The Saskatchewan Financial Services Commission Act
The Saskatchewan Financial Services Commission Assignment Regulations

Financial Institutions Division

The Cost of Credit Disclosure Act
The Credit Union Act, 1998
The Credit Union Regulations, 1999
The Credit Union Insurance Business Regulations
The Credit Union Act, 1985
The Credit Union Regulations
The Guarantee Companies Securities Act
The Mortgage Brokers Act
The Mortgage Brokers Regulations
The Saskatchewan Insurance Act
The Saskatchewan Insurance Regulations, 2003
The Saskatchewan Insurance Councils Regulations
The Saskatchewan Insurance Compensation Plan Regulations, 1990
The Trust and Loan Corporations Act, 1997
The Trust and Loan Corporations Regulations, 1999

Pensions Division

The Pension Benefits Act, 1992
The Pension Benefits Regulations, 1993
The Pension Benefits Amendment Regulations, 2002

Securities Division

The Securities Act, 1988
The Securities Regulations
The Securities Commission (Adoption of National Instruments) Regulations
The Securities Commission (Disclosure of Personal Information) Regulations
The Securities Commission (Local Instrument) Regulations
The Securities Commission (Regulation Procedures) Regulations

Where to Obtain Additional Information

This report provides information about both our accomplishments and our future plans. If you have any questions or comments, or would like additional copies of the report, we invite you to call (306) 787-5645.

Or contact:

Saskatchewan Financial Services Commission
6th Floor, 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 3V7

Or visit our web site:
www.sfsc.gov.sk.ca